

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554**

In the Matter of)	
)	
Auction of Priority Access Licenses for the 3550-3650 MHz Band)	AU Docket No. 19-244
)	
Comment Sought on Competitive Bidding Procedures for Auction 105)	
)	
Bidding in Auction 105 Scheduled to Begin June 25, 2020)	

REPLY COMMENTS OF T-MOBILE USA, INC.

T-Mobile USA, Inc. (“T-Mobile”)^{1/} submits these reply comments in response to the comments on the *Public Notice* in the above-referenced proceeding regarding the procedures to be used for the auction of Priority Access Licenses (“PALs”) in the 3550-3650 MHz band (“Auction 105”).^{2/}

I. THE RECORD IS CLEAR THAT THE COMMISSION SHOULD NOT ALLOW CELLULAR MARKET AREA (“CMA”)-LEVEL AND COUNTY-LEVEL BIDDING IN THE SAME GEOGRAPHIC AREAS

Commenters agree with T-Mobile that allowing both CMA-level and county-level bidding in the same area would increase auction complexity and result in unsold licenses. For example, Verizon notes that “the Commission’s proposal would create a complex and uncertain environment that both CMA-level and county-level bidders may find difficult to navigate”^{3/}

^{1/} T-Mobile USA, Inc. is a wholly-owned subsidiary of T-Mobile US, Inc., a publicly traded company.

^{2/} See *Auction of Priority Access Licenses for the 3550-3650 MHz Band; Comment Sought on Competitive Bidding Procedures for Auction 105; Bidding in Auction 105 Scheduled to Begin June 25, 2020*, Public Notice, FCC 19-96 (rel. Sept. 27, 2019) (“*Public Notice*”).

^{3/} Comments of Verizon, AU Docket No. 19-244, at 4-5 (filed Oct. 28, 2019) (“Verizon Comments”); see also Comments of California Internet, L.P. DBA GeoLinks, AU Docket No. 19-244, at 2 (filed Oct. 28, 2019) (“GeoLinks Comments”); Comments of Southern Linc, AU Docket No. 19-244, at

NCTA – The Internet & Television Association (“NCTA”) agrees^{4/} and observes that “CMA-level bidding would result in many PALs, particularly those in sought-after CMAs, remaining unsold”^{5/} Some commenters simply oppose allowing any CMA-level bidding, with some parties asserting that it would limit the ability of non-CMA-level bidders to secure licenses in rural counties that are embedded in CMAs.^{6/}

T-Mobile continues to believe that the Commission should only permit CMA-level bidding in the top 172 CMAs that incorporate multiple counties and only county-level bidding in the remaining areas. That approach would: (1) eliminate the complexity of allowing both CMA-level and county-level bidding in the same area; and (2) balance concerns that CMA-level bidding may inhibit some bidders from securing licenses against the potential for interference and need for coordination the Commission identified when it decided to consider package bidding in the first instance.^{7/} However, to further address the strong desire by some parties to enhance the opportunities to obtain single-county licenses in rural areas, the Commission may

2 (filed Oct. 28, 2019) (“Southern Linc Comments”); Comments of the Wireless Internet Service Providers Association, AU Docket No. 19-244, at 5 (filed Oct. 28, 2019) (“WISPA Comments”).

^{4/} See Comments of NCTA – The Internet & Television Association, AU Docket No. 19-244, at 2 (filed Oct. 28, 2019) (“NCTA Comments”) (“Permitting CMA-level bidding in Auction 105 would greatly increase complexity, introduce significant inefficiencies, and produce a host of unintended and detrimental consequences that could jeopardize the success of the auction, and the ultimate utilization of the 3.5 GHz band.”).

^{5/} NCTA Comments at 9; *see also* Comments of the Competitive Carriers Association, AU Docket No. 19-244, at 9 (filed Oct. 28, 2019) (“CCA Comments”); Verizon Comments at 4.

^{6/} See, e.g., CCA Comments at 4-9; Comments of Dynamic Spectrum Alliance, AU Docket No. 19-244, at 8-10 (filed Oct. 28, 2019) (“DSA Comments”); Comments of the National Rural Electric Cooperative Association, AU Docket No. 19-244, at 2-5 (filed Oct. 28, 2019) (“NRECA Comments”); Comments of New America’s Open Technology Institute, AU Docket No. 19-244, at 5-8 (filed Oct. 28, 2019) (“OTI Comments”); WISPA Comments at 4.

^{7/} See *Promoting Investment in the 3550-3700 MHz Band*, Report and Order, 33 FCC Rcd 10598 (2018) (“2018 3.5 GHz Order”); Comments of T-Mobile USA, Inc., AU Docket No. 19-244, at 3-8 (filed Oct. 28, 2019) (“T-Mobile Comments”) (discussing the 2018 3.5 GHz Order).

wish to consider permitting CMA-level bidding – and CMA-level bidding only – in the *top 50* CMAs that are considered Metropolitan Statistical Areas (“MSAs”) and that include more than one county and providing only county-level bidding outside of the top 50 CMAs. This would strike a balance that addresses the interference and coordination concerns in the most densely populated markets and provides county-level bidding in areas where the interference problems should be more limited.

T-Mobile’s proposal then and now – to prohibit both CMA-level and county-level bidding in the same geographic areas (regardless of the number of CMAs covered) – is designed precisely to address the complexity introduced by allowing both CMA-level and county-level bidding in the same area. As T-Mobile explained,^{8/} permitting only CMA-level bidding in certain markets would reduce auction complexity by mitigating the complications associated with the Commission’s new and untested proposals to adopt an exception to the “no excess supply” rule and an “activity upper limit,” both of which were criticized by other commenting parties.^{9/} Removing the option for both CMA-level and county-level bidding in the same areas would also eliminate the need for the Commission’s proposal to set clock prices for CMA-level bidders that equalize aggregate demand across counties in the CMA and the related concerns expressed by commenters on that proposal.^{10/}

Verizon suggests that, if the Commission permits CMA-level bidding along with county-level bidding, it should, at a minimum, give CMA-level bidders the ability – on a one-time, one-

^{8/} See T-Mobile Comments at 10-14.

^{9/} See, e.g., Comments of AT&T Inc., AU Docket No 19-244, at 3-7 (filed Oct. 28, 2019) (“AT&T Comments”); Verizon Comments at 4-5, 6-7.

^{10/} See, e.g., Verizon Comments at 4-6; AT&T Comments at 2-3; *see also* T-Mobile Comments at 13-14.

direction basis – to switch to county-level bidding in a given CMA during the auction.^{11/} If the Commission allows both CMA-level and county-level bidding in the same geographic areas, Verizon’s proposal merits consideration. But the better approach would be simply to prohibit a mix of CMA-level and county-level bidding in the same areas, making Verizon’s suggestion and any associated complications moot. As NCTA observes, “[i]f CMA-level bidding is permitted alongside county-level bidding, a number of highly inefficient auction outcomes and unintended negative consequences would likely result, including the types of gamesmanship the Commission has traditionally sought to quell.”^{12/} T-Mobile agrees with NCTA that the best approach would be for the Commission to select one appropriate geographic partition and apply it to all blocks in that area.^{13/}

T-Mobile’s alternative proposal – to permit CMA-level bidding in the top 50 CMAs that are considered MSAs and that include more than one county – would help address the second primary concern of commenting parties. Those parties assert that some of the 172 CMAs in which CMA-level bidding would be permitted contain relatively rural areas and that CMA-level bidding would foreclose smaller providers’ ability to obtain authorizations in those rural counties, potentially leaving licenses unsold and rural Americans unserved.^{14/} They therefore

^{11/} See Verizon Comments at 5-6.

^{12/} NCTA Comments at 7. Compare WISPA Comments at 5 (“CMA-level bidding combined with county-level bidding would create bidding complexity favoring those large companies that can afford to engage the limited number of economists and game theorists to advise them.”), with Verizon Comments at 5 (explaining that “those who select CMA-level bidding might very well be concerned about falling prey to mischievous behavior on the part of certain county-level bidders who could seek to foreclose them by arbitrarily bidding up a single county within a particular CMA, forcing them to reduce demand across the market”).

^{13/} See NCTA Comments at 12.

^{14/} See, e.g., Comments of the Blooston Rural Carriers, AU Docket No. 19-244, at 1 (filed Oct. 28, 2019) (“Blooston Comments”); Comments of NTCA – The Rural Broadband Association, AU Docket No. 19-244, at 3-4 (filed Oct. 28, 2019) (“NTCA Comments”); Comments of the Rural Wireless

urge the Commission to prohibit CMA-level bidding in CMAs that include counties that have population densities equal to or less than 100 persons per square mile.^{15/}

T-Mobile's alternative proposal would help accomplish that. By limiting CMA-level bidding to only the top 50 CMAs that are considered MSAs and that include more than one county, the Commission would limit the number of CMAs that include rural counties and thus the risk of licenses in those areas remaining unsold. In particular, the Commission would reduce the number of CMAs subject to CMA-level bidding that include rural counties (*i.e.*, counties with population density of less than 100 persons per square mile) to only 13. As explained in T-Mobile's initial comments,^{16/} the *2018 3.5 GHz Order* attempted to balance the need to preserve bidders' ability to secure authorizations for smaller geographic areas against the spectrum inefficiency that is produced by licensing spectrum in too-small geographic areas. This proposal would achieve both of those results while striking an appropriate balance for providers seeking to serve rural areas.

Nevertheless, if the Commission declines to adopt CMA-level bidding only, in either the top 50 CMAs or the top 172 CMAs, T-Mobile agrees with other commenters that the Commission should adopt county-level bidding only.^{17/} While abandoning CMA-level bidding altogether would re-introduce the spectrum inefficiencies the Commission sought to avoid in the

Association, Inc., AU Docket No. 19-244, at 3-4 (filed Oct. 28, 2019) ("RWA Comments"); *see also* CCA Comments at 5; OTI Comments at 5-8; NRECA Comments at 2-4; WISPA Comments at 4-5.

^{15/} See Blooston Comments at 1; NTCA Comments at 3; RWA Comments at 4 (supporting also "a broader carve out, for instance counties with 150 or even 250 persons or fewer per square mile").

^{16/} See T-Mobile Comments at 3-6.

^{17/} See, *e.g.*, DSA Comments at 11 (adding that "[t]o the extent that a bidder seeks to aggregate counties into CMAs – or any other license area size – they can rely on their existing tools to do so"); GeoLinks Comments at 3 ("[I]f a carrier wishes to obtain PALS in several adjacent counties, it can plan its bids accordingly."); WISPA Comments at 3 (explaining that PALs in multi-county areas can also be assembled through county-level bids); NTCA Comments at 12-13; OTI Comments at 8-10.

2018 3.5 GHz Order, it would eliminate the complexities and special auction processes required to allow a mix of CMA-level bidding and county-level bidding in the same geographic areas.

II. THE COMMISSION SHOULD ENSURE AUCTION 105 PROCEEDS AT A RAPID PACE

Verizon encourages the Commission to employ a quick and efficient bidding schedule for Auction 105, dispensing with the usual “ramp-up” phase at the start of the auction and instead proceeding on a more rigorous pace from the first round of bidding.^{18/} T-Mobile agrees. As Verizon points out, the Commission has now implemented its clock auction format in two major spectrum auctions – Auction 1002 (the broadcast incentive auction) and Auction 102 (the 24 GHz band auction) – and will use the same format in Auction 103 (the Upper 37 GHz, 39 GHz, and 47 GHz band auction).^{19/} Thus, there is no longer a need for the Commission to give bidders significant time to familiarize themselves with the clock auction process.

In addition to establishing a schedule designed to accelerate the auction, the Commission could, as T-Mobile previously suggested,^{20/} increase the pace of the auction by setting the initial clock price increment at a high percentage and maintaining that high percentage for counties in which demand continues to exceed supply by a large margin (*e.g.*, where demand is twice the amount of supply). T-Mobile agrees with the Commission’s proposal to use an initial bid increment percentage of 10 percent.^{21/} Utilizing a high initial increment, and maintaining that increment when appropriate, along with an aggressive bidding round schedule will ensure that Auction 105 moves quickly and that this important mid-band spectrum is put to use promptly.

^{18/} See Verizon Comments at 8-9.

^{19/} See *id.* (adding that it “is not aware of any bidder complaints that the pace of these auctions was too quick”).

^{20/} See T-Mobile Comments at 12-13.

^{21/} Public Notice at ¶ 62.

The Commission should reject the suggestion from the American Petroleum Institute that the auction should end on a county-by-county basis, not simultaneously across the entire auction, and that the winning bid for each county should be set after two rounds of inactivity on that county.^{22/} Such an approach would be administratively inefficient and prevent the auction from closing in a timely manner. As T-Mobile previously explained and highlights above,^{23/} the Commission can better manage the pace of the auction by maintaining its simultaneous stopping rule and adjusting the number of rounds and/or price increments accordingly.

III. CONCLUSION

Auction 105 represents an important effort to maximize and promote innovative uses of mid-band spectrum, including for fifth generation (“5G”) wireless technologies. Commenting parties agree that to facilitate participation and foster a successful outcome, the Commission should reduce auction complexity, which may be achieved by prohibiting a mix of CMA-level and county-level bidding in the same geographic areas. The Commission should also seek to accelerate the pace of the auction so that winning bidders can deploy the spectrum as quickly as possible to the benefit of consumers and of ensuring the Nation’s leadership in 5G.

^{22/} See Letter from James Crandall, Policy Analyst, Tax and Accounting Policy, American Petroleum Institute, to Marlene H. Dortch, Secretary, FCC, AU Docket No. 19-244, at 2 (filed Oct. 28, 2019).

^{23/} See Comments of T-Mobile USA, Inc., AU Docket No. 19-59, at 11 (filed May 15, 2019).

Respectfully submitted,

/s/ Steve B. Sharkey

Steve B. Sharkey

John Hunter

Christopher Wieczorek

T-MOBILE USA, INC.

601 Pennsylvania Avenue, N.W.

Suite 800

Washington, DC 20004

(202) 654-5900

November 12, 2019